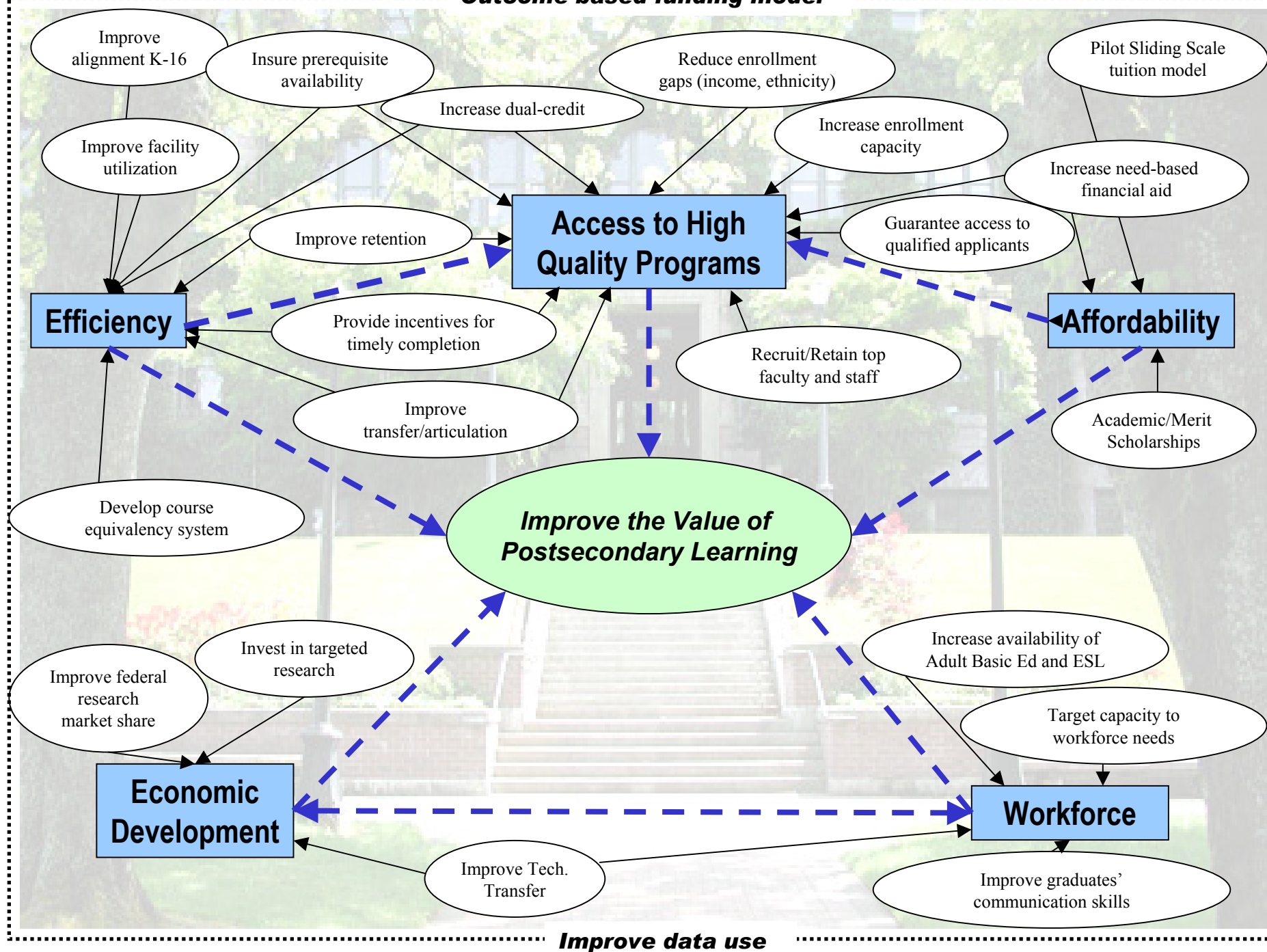


Improving the Value of Postsecondary Learning

Tollgate #2

1. Map of Causal Factors

Outcome-based funding model



2. Assess the performance progress in this result area-Update (New information since Tollgate #1 only)

Result Statement and Vision/Goals

RESULT:
Improve the value of
postsecondary learning

A post-secondary education and training system that:

- Raises the level of educational attainment for the state's population
- Promotes the economic vitality of the state, prepares citizens for employment, and provides opportunities for personal enrichment
- Enhances community engagement and engenders civic responsibility

Washington's colleges and universities fuel the economic engine of our new economy through research, innovation, access to new technology and an educated workforce. The state's investment in our public colleges and universities, whether they are two-year community and technical colleges or four-year comprehensive and research institutions, provides value for both the citizens and the economy of Washington State. Citizens value access to high quality postsecondary learning opportunities that are affordable, convenient, and timely. For many, higher levels of educational attainment and training often lead to opportunities to earn higher individual incomes. In order to remain competitive in this quickly changing economic environment, Washington businesses rely upon their ability to hire a well-trained and educated workforce. Additionally, investments in a well-educated and trained population provide social and economic benefits from higher incomes, reduced welfare expenditures and unemployment, lower employee absenteeism, and lower crime rates (see figures 1 through 4).

Figure 1. Average Earnings by Education Levels

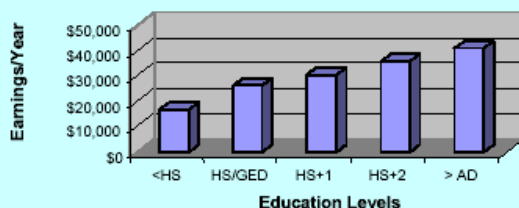


Figure 2. Welfare and Unemployment

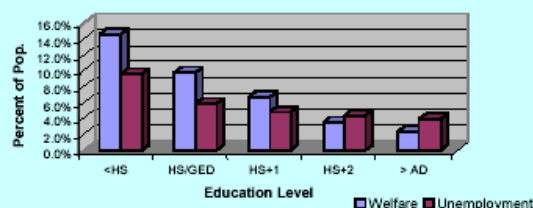


Figure 3. Days of Absenteeism by Education Levels

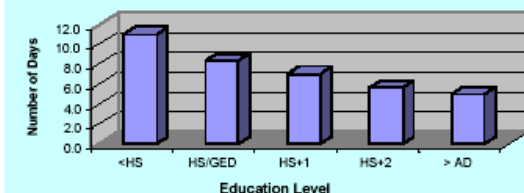
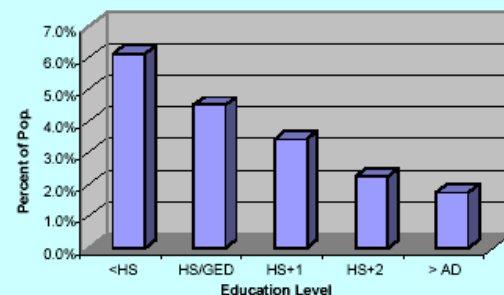


Figure 4. Incidence of Incarceration



Indicators

Indicators	
Provide convenient and efficient educational service delivery	<ul style="list-style-type: none"> ✓ % students participating in dual credit programs ✓ # credits completed in dual credit programs ✓ freshman retention rates ✓ % completion within 125% of allotted certificate/degree time ✓ Building utilization rates
Increase access to high quality programs	<ul style="list-style-type: none"> ✓ Admission, retention, graduation rates across income classes and among ethnic groups ✓ Faculty retention rate ✓ Student/Graduate satisfaction (HECB, SBCTC summaries of institutional surveys)
Provide affordable learning opportunities	<ul style="list-style-type: none"> ✓ % of student body with income less than state median income ✓ Average debt accumulation for graduating students
Prepare a skilled workforce	<ul style="list-style-type: none"> ✓ # of degrees conferred in high demand fields ✓ employers satisfaction rating of graduates' knowledge, skills, abilities (HECB, SBCTC summaries of employer surveys)
Contribute toward state economic development goals	<ul style="list-style-type: none"> ✓ # of new technology transfer agreements executed and dollar volume ✓ # of new in-state companies spawned from university developed processes and technologies ✓ # of jobs generated as a result of state funded and non-state funded research

In response to the feedback that was received during Tollgate 1, our team has made a number of changes to our indicators of success:

- ✓ Rather than measure the ratio of GF-S spending to degrees conferred, we are instead focusing our efficiency measures on student progress – measuring freshman retention rates and time-to-degree for each campus. These new measures were selected because they put the ‘customer’ at the forefront and are less susceptible to variation or manipulation due to state or institutional funding patterns.
- ✓ In order to measure our progress toward closing existing achievement gaps, we propose to measure admission, retention and graduation rates across income and racial groups.
- ✓ In effort to better measure affordability, we propose to look at both the proportion of students that come from families who earn below the median income and accumulated state and federal student debt levels. The data used for the previous family income measure were largely self-reported and could not be verified. Our new measure relies instead upon student financial aid data.
- ✓ For the workforce category, we have restored satisfaction ratings as an indicator. This time, we propose that the HECB collect, analyze and report on each

institution's individual satisfaction surveys. By using the data we have, we won't need to design and implement a new, extensive survey ourselves. We have not previously requested the HECB perform this task, so we do not have a baseline.

- ✓ In an effort to assess the impacts of investments in research, we propose to measure the number of technology transfer agreements executed (and the dollar value associated with them), the number of new in-state companies created based on university research, and the number of jobs these businesses produce.

3. Propose high-level purchase strategies for this result area. What are the key areas where the state should take action, and how (if known at this point)?

A draft of the postsecondary learning high-level purchase plan is outlined below by strategy and major purchase:

- ❖ Provide convenient and efficient educational service delivery
 - Dual-credit programs (i.e. Running Start, College in the High School, etc.)
 - Improve student retention and graduation rates
 - Access to distance education opportunities
 - Faculty deployment and utilization
 - Capital facilities utilization
 - Improve student articulation and transfer rates
 - Alignment with P-12 system
 - Inter-institutional collaboration improvements
- ❖ Increase access to high quality programs
 - Close achievement gaps (income, ethnicity, etc.)
 - Increased access to our colleges and universities
 - Outreach and academic counseling
 - Recruit and retain quality faculty
 - Capital facilities improvements
- ❖ Provide affordable learning opportunities
 - Financial aid programs (both merit and need based)
 - Tuition and fee levels
 - Tuition waivers
- ❖ Prepare a skilled workforce
 - Tech Prep opportunities (Voc/Tech running start program)
 - Job skills programs
 - High demand enrollments
 - Adult basic education and ESL programs
 - Vocational and technical enrollments
- ❖ Contribute toward state economic development goals
 - Research and development
 - Technology transfer and commercialization

The high-level purchase strategies are anchored in the five strategies that form the basis of our causal map. While our major purchases are aligned by strategy, there are a number

of instances where a particular purchase could influence more than one strategy. Our team has attempted to display these interactions and relationships via the causal map.

As we compare our current high-level purchase strategies with those that were developed during the 2002 POG exercise, it is clear that the 2002 group's purchase strategies were devised in an altogether different environment. Given an allocation of over \$1 billion above the previous budgeted level, the 2002 team focused solely on 'buying' additional capacity and on examining new strategies to meet workforce needs. For the current POG exercise, however, our team is developing high-level purchase strategies that reflect the resources and challenges of the current system. In looking at these issues, it is becoming clear to our team that without changing the structure of incentives and sanctions, we will never get what we want from Higher Education.

Thanks to recent efforts by the National Collaborative for Postsecondary Education Policy, the Washington Competitiveness Council, and the HECB Strategic Master Plan effort, we know the challenges that the system faces. We also know that a business-as-usual approach will not solve them – there simply isn't enough money to keep up with ever increasing student and employer demand. It's time to focus on creating a financing structure that rewards what we want, and allows us to work as partners (instead of as adversaries) with higher education. Our purchase strategies taken by themselves mean very little unless we change the way they're purchased. We must improve performance by changing the way we prioritize and structure our existing investments.

4. Provide guidance to agencies for budgets, analysis and legislation

A. Identify operational or legal barriers to the implementation of the high-level strategies.

Currently, a number of barriers exist that could impede the successful implementation of our high level strategies. Some of the barriers that have been identified include:

- ✓ Policy Leadership
 - At the moment, there is no consensus about statewide needs and priorities—a public agenda that is widely accepted and that guides policy choices.
 - Because there is no agreed-upon set of priorities, policymaking tends to focus on very specific problems and may not form a coherent system-wide strategy.
- ✓ Capacity
 - Existing capacity solutions, including the creation of branch campuses, learning centers, and co-located campuses, depend heavily on effective transfer and articulation mechanisms. These mechanisms are working less and less well.
- ✓ Finance Policy
 - The focus on per-student funding could create a situation in which institutions are encouraged to limit enrollments rather than expand to meet demand.
 - Because all students within an institution get the same level of per-student funding support, there is an incentive for institutions to emphasize low-cost

programs rather than high-cost programs—even though many of the high need programs, like nursing and engineering, are also high-cost programs.

- Students in Adult Basic Education/English as a Second Language (ABE/ESL) pay very little or no tuition. As state support is reduced and institutions begin to rely more and more upon student tuition revenues, there is a financial incentive to limit enrollment in these important programs.
- The key elements of finance policy (state support, tuition, and financial aid) are often considered as separate policies decisions rather than as an integrated package.
- Finance policy is underutilized as an incentive to encourage institutional behaviors or outcomes.
- ✓ **Accountability Policy**
 - Accountability is not systematically used to help focus institutional attention on a limited number of state priorities.
 - Without a clearly articulated set of state priorities, there can be no accountability.

B. Identify opportunities to reduce the price or improve the efficiency of current services.

Strategies to improve current service include:

- ✓ **Improve transfer and articulation between institutions of higher education** – Recent legislation (Chapter 55, Laws of 2004) requires the HECB to convene work groups to develop transfer associate degrees for specific academic majors and to create a statewide system of course equivalency for public higher education institutions. Additionally, the HECB is required to perform a gap analysis of upper division capacity to accommodate transfer students and to provide recommendations on how to expand capacity in various locations.
- ✓ **Expand dual-credit programs** – Programs like Running Start, College in the High School, and Tech Prep allow qualified high schools students to take college level courses free of charge and earn college and high school credit simultaneously.
- ✓ **Improve student retention and graduation rates** – Enhanced student mentoring and counseling programs could help to keep students enrolled in college and on-course to graduate in a timely manner.
- ✓ **Maximize facilities utilization** – Evening and weekend classes and other strategies to expand the academic calendar allow institutions to serve additional students within existing capital resources.
- ✓ **Improve faculty recruitment and retention** – Attracting and retaining quality faculty is vital to providing quality programs. A number of factors can influence an institution's ability to attract quality candidates, including the candidate's experience and familiarity with the hiring institution. By increasing advanced degree production, the state could take advantage of new opportunities to “grow their own” faculty, which could provide the state with an important advantage as they compete for the best and the brightest faculty.

C. Identify new initiatives and areas of budget focus that should be pursued based on Tollgate #1 and #2 analysis.

As our team considers the work that has been done to date by the National Collaborative, the Competitiveness Council, and the HECB in their Strategic Master Plan effort, our team has identified the following priorities:

✓ **Strategies to address capacity**

An already stretched higher education system threatens to burst at the seams with the demographic pressures the state faces in coming years. Assuming the current percentage of high school graduates and adults seeking education and training continues, the system will need to accommodate an additional 18,000 students by 2010. Given these impending demographic pressures, increasing the capacity of the state to provide postsecondary learning opportunities will require a mix of strategies.

- Efficiency – Improving transfer and articulation, expanding dual-credit opportunities, maximizing facilities utilization, and other system efficiencies will allow us to squeeze all we can from the existing system.
- Access to quality programs – Increasing general and targeted enrollments, providing more distance education opportunities, improving access to ABE/ESL courses, and enhancing faculty recruitment and retention efforts will help ensure that our colleges and universities are able to accommodate a increasing numbers of students.
- Affordability – Student access to postsecondary learning opportunities will be greatly impacted by tuition and fee levels and the availability of both merit and need-based financial aid programs.
- Alignment – Strategies to improve the transition from high school to postsecondary and from associate to baccalaureate instruction will help to ensure that students are prepared for and have access to the classes that are required to complete their education and training.

✓ **Policies to achieve results**

As already highlighted, in order for our strategies and purchases to be effective, we must change the way in which we prioritize and structure our existing investments.

- Funding structure – As we look to increase opportunities in postsecondary learning, we need to modify our funding methodology and incentive structure to emphasize outcomes (degrees produced, low-income students served, etc.) rather than primary funding inputs (budgeted enrollment levels, state need grant funding levels, etc.).
- Performance contracts – Performance contracts between the state and its public colleges and universities offer an opportunity for the state to hold institutions accountable for meeting specific performance goals in exchange for additional funding and flexibility.

D. Identify specific research projects and budget proposals that may aid the team's development of the detailed purchase plan in the fall.

There are a number of efforts that are either currently underway or could be undertaken that would be beneficial to the development of our team's detailed purchase plan in the fall.

✓ **National Collaborative**

The staff members of the National Collaborative for Postsecondary Education Policy have agreed to work with our results team over the summer to examine our strategies and to provide guidance on implementing them. Made up of higher education policy experts from around the nation, the National Collaborative will provide our team with suggestions for making our purchase plan as precise and effective as it can be.

✓ **Development of Performance Contract Prototype**

The 2004 Legislature authorized the creation of a prototype performance contract for our research universities. Representatives of the Governor's Office, the University of Washington, and Washington State University are in the process of developing the prototype performance contracts for submittal to the legislature by December 1, 2004. In authorizing the prototype, the legislature specified that the contracts must: a) reflect statewide goals and priorities; b) contain goals and commitments from both the institutions and the state; c) include quantifiable performance measures and benchmarks; d) identify specific resources needed to implement the contract; e) and include any other information deemed pertinent by the Governor.

✓ **HECB Strategic Master Plan**

The HECB's quadrennial master plan sets out state policy for higher education. New HECB Executive Director Dr. James Sulton has already worked to strengthen the document's focus on outputs and outcomes. It will also provide specificity for enrollment planning, thanks to a new enrollment growth study and computer model currently under development. The combination of new policy ideas and new tools to examine policy options mean that this iteration of the Master Plan should be far more useful to institutions and OFM than any previous version.

✓ **Outcome-based funding model**

While not currently underway, an exploration of opportunities to shift to an outcome-based funding model would help to further work in this area prior to the fall allocation exercise.

✓ **Coordination with other results teams**

Given the overlap and relationships that exist between the Postsecondary Learning results area and some of the other statewide results areas (Improving Student Achievement in Elementary, Middle and High School, Improving the Quality and Productivity of the Workforce; Improving the Economic Vitality of Businesses and Individuals), an effort should be made prior to the fall allocation exercise to review our efforts to date and explore opportunities for coordination.